QUARTERLY REPORT

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

For The Quarter Ended June 30, 2004

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

BALANCE SHEETS

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents	$ 19,450	$ 25,001
2	Short-Term Investments	-	-
	Receivables and Patrons' Checks (Net of Allowance for		
3	Doubtful Accounts - 2004, $4,420; 2003, $2,561) Note 3, 6	20,661	17,554
4	Inventories	2,636	2,221
5	Prepaid Expenses and Other Current Assets	4,752	4,776
6	Total Current Assets	47,499	49,552
7	Investments, Advances, and Receivables	2,699	2,699
8	Property and Equipment - Gross	1,026,381	1,021,626
9	Less: Accumulated Depreciation and Amortization	(53,899)	(28,368)
10	Property and Equipment - Net	972,482	993,258
11	Other Assets	16,108	19,428
12	Total Assets	$ 1,038,788	$ 1,064,937
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable	$ 6,423	$ 6,682
14	Notes Payable	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates	-	-
16	Other Note 7	75,333	50,625
17	Income Taxes Payable and Accrued	-	312
18	Other Accrued Expenses Note 4	44,472	37,229
19	Other Current Liabilities Note 5, 6	8,659	11,910
20	Total Current Liabilities	134,887	106,758
	Long-Term Debt:		
21	Due to Affiliates	-	-
22	Other Note 7	433,194	555,531
23	Deferred Credits	-	-
24	Other Liabilities Note 8	10,328	16,466
25	Commitments and Contingencies		
26	Total Liabilities	578,409	678,755
27	Stockholders', Partners', or Proprietor's Equity Note 2	460,379	386,182
28	Total Liabilities and Equity	$ 1,038,788	$ 1,064,937

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF INCOME

Amended
9/24/04

FOR THE THREE MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino	$ 149,965	$ -
2	Rooms	20,662	-
3	Food and Beverage	29,806	-
4	Other	6,094	-
5	Total Revenue	206,527	-
6	Less: Promotional Allowances ... Note 1	41,586	-
7	Net Revenue	164,941	-
	Costs and Expenses:		
8	Cost of Goods and Services ... Note 1	90,810	-
9	Selling, General, and Administrative ... Note 7, 11	20,781	-
10	Provision for Doubtful Accounts ... Note 3	(845)	-
11	Total Costs and Expenses	110,746	-
12	Gross Operating Profit	54,195	-
13	Depreciation and Amortization	14,254	-
	Charges from Affiliates Other than Interest:		
14	Management Fees	-	-
15	Other	-	-
16	Income (Loss) from Operations	39,941	-
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	-
18	Interest (Expense) - External ... Note 9	(9,665)	-
19	Investment Alternative Tax and Related Income (Expense) - Net	(1,917)	-
20	Nonoperating Income (Expense) - Net	565	-
21	Total Other Income (Expenses)	(11,017)	-
22	Income (Loss) Before Income Taxes and Extraordinary Items	28,924	-
23	Provision (Credit) for Income Taxes ... Note 10	4,467	-
24	Income (Loss) Before Extraordinary Items	24,457	-
25	Extraordinary Items (Net of Income Taxes)	-	-
26	Net Income (Loss)	$ 24,457	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF INCOME

Amended 9/24/04

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino	$ 290,169	$ -
2	Rooms	39,366	-
3	Food and Beverage	56,692	-
4	Other	10,933	-
5	Total Revenue	397,160	-
6	Less: Promotional Allowances	86,330	-
7	Net Revenue	310,830	-
	Costs and Expenses:		
8	Cost of Goods and Services	175,158	-
9	Selling, General, and Administrative	37,724	-
10	Provision for Doubtful Accounts ... Note 3	1,859	-
11	Total Costs and Expenses	214,741	-
12	Gross Operating Profit	96,089	-
13	Depreciation and Amortization	28,071	-
	Charges from Affiliates Other than Interest:		
14	Management Fees	-	-
15	Other	-	-
16	Income (Loss) from Operations	68,018	-
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	-
18	Interest (Expense) - External ... Note 8	(19,743)	-
19	Investment Alternative Tax and Related Income (Expense) - Net	(3,707)	-
20	Nonoperating Income (Expense) - Net	187	-
21	Total Other Income (Expenses)	(23,263)	-
22	Income (Loss) Before Income Taxes and Extraordinary Items	44,755	-
23	Provision (Credit) for Income Taxes	6,932	-
24	Income (Loss) Before Extraordinary Items	37,823	-
25	Extraordinary Items (Net of Income Taxes)	-	-
26	Net Income (Loss)	$ 37,823	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND THE SIX MONTHS ENDED DECEMBER 31, 2003

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Accumulated Other Comprehensive Income (Loss) (e)	Total Equity (Deficit) (f)
1	**Balance, June 30, 2003**	$ 376,700	$ (58,283)	$ (23,609)	$ 294,808
2	Net Income (Loss) - 2003	-	12,906	-	12,906
3	Capital Contributions	70,000	-	-	70,000
4	Capital Withdrawals	-	-	-	-
5	Partnership Distributions	-	-	-	-
6	Prior Period Adjustments	-	-	-	-
7	Other Comprehensive Income, net......Note 8	-	-	8,468	8,468
8		-	-	-	-
9		-	-	-	-
10	**Balance, December 31, 2003**	446,700	(45,377)	(15,141)	386,182
11	Net Income (Loss) - 2004	-	37,823	-	37,823
12	Capital Contributions	30,807	-	-	30,807
13	Capital Withdrawals	-	-	-	-
14	Partnership Distributions	-	-	-	-
15	Prior Period Adjustments	-	-	-	-
16	Other Comprehensive Income, net......Note 8	-	-	5,567	5,567
17		-	-	-	-
18		-	-	-	-
19	**Balance, June 30, 2004**	$ 477,507	$ (7,554)	$ (9,574)	$ 460,379

Marina District Development Company is a limited liability company and therefore is treated as a partnership.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

Amended 9/23/04

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 66,026	$ -
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities	-	-
3	Proceeds from the Sale of Short-Term Investment Securities	-	-
4	Cash Outflows for Property and Equipment	(4,755)	-
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	-	-
7	Purchase of Other Investments and Loans/Advances made	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables	-	-
9	Cash Outflows to Acquire Business Entities	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities	(4,755)	-
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt	-	-
14	Payments to Settle Short-Term Debt	-	-
15	Cash Proceeds from Issuance of Long-Term Debt	169,700	-
16	Costs of Issuing Debt	-	-
17	Payments to Settle Long-Term Debt	(267,329)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions	30,807	-
19	Purchases of Treasury Stock	-	-
20	Payments of Dividends or Capital Withdrawals	-	-
21		-	-
22		-	-
23	Net Cash Provided (Used) By Financing Activities	(66,822)	-
24	Net Increase (Decrease) in Cash and Cash Equivalents	(5,551)	-
25	Cash and Cash Equivalents at Beginning of Period	25,001	-
26	Cash and Cash Equivalents at End of Period	$ 19,450	$ -

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized)	$ 18,369	$ -
28	Income Taxes	$ 4,100	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss)	$ 37,823	$ -
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	25,324	-
31	Amortization of Other Assets	2,747	-
32	Amortization of Debt Discount or Premium	-	-
33	Deferred Income Taxes - Current	-	-
34	Deferred Income Taxes - Noncurrent	-	-
35	(Gain) Loss on Disposition of Property and Equipment	207	-
36	(Gain) Loss on Casino Reinvestment Obligations	3,707	-
37	(Gain) Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(3,107)	-
39	Net (Increase) Decrease in Inventories	(415)	-
40	Net (Increase) Decrease in Other Current Assets	24	-
41	Net (Increase) Decrease in Other Assets	573	-
42	Net Increase (Decrease) in Accounts Payable	(259)	-
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	(577)	-
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	353	-
45	Net Loss (Gain) on Derivative Financial Instruments	(374)	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities	$ 66,026	$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

LINE	DESCRIPTION	2004	2003
	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment	$ 4,755	$ -
49	Less: Capital Lease Obligations Incurred	-	-
50	Cash Outflows for Property and Equipment	$ 4,755	$ -
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired	$ -	$ -
52	Goodwill Acquired	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	-	-
54	Long-Term Debt Assumed	-	-
55	Issuance of Stock or Capital Invested	-	-
56	Cash Outflows to Acquire Business Entities	$ -	$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions	$ 30,807	$ -
58	Less: Issuances to Settle Long-Term Debt	-	-
59	Consideration in Acquisition of Business Entities	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions	$ 30,807	$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2004

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	197,355	$ 24,179	-	$ -
2	Food	829,895	16,607	208,381	2,084
3	Beverage	3,107,706	10,100	-	-
4	Travel	-	-	8,841	2,210
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	1,241,486	31,037	-	-
7	Entertainment	50,551	2,022	1,088	145
8	Retail & Non-Cash Gifts	-	-	17,864	4,466
9	Parking	-	-	-	-
10	Other*	145,594	2,385	1,671,227	1,379
11	Total	5,572,587	$ 86,330	1,907,401	$ 10,284

* Promotional Allowances - Other includes a net expense of $1,565 related to comp dollars and slot dollars earned but not yet redeemed offset by amounts purged due to expiration.

* Promotional Expenses - Other includes $1,379 of comp taxes.

FOR THE THREE MONTHS ENDED JUNE 30, 2004

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	104,554	$ 12,616	-	$ -
2	Food	425,565	8,464	106,361	1,064
3	Beverage	1,680,620	5,462	-	-
4	Travel	-	-	4,562	1,140
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	584,952	14,624	-	-
7	Entertainment	30,517	1,221	1,032	103
8	Retail & Non-Cash Gifts	-	-	9,590	2,398
9	Parking	-	-	-	-
10	Other*	18,188	(801)	837,480	754
11	Total	2,844,396	$ 41,586	959,025	$ 5,459

* Promotional Allowances - Other includes a net credit of $1,256 related to comp dollars and slot dollars earned but not yet redeemed offset by amounts purged due to expiration.

* Promotional Expenses - Other includes $754 of comp taxes.

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of Marina District Development Company, LLC, d.b.a. Borgata, (a development-stage enterprise prior to July 3, 2003) ("MDDC, LLC") and Marina District Finance Company, Inc. ("MDFC"), its wholly-owned subsidiary, collectively referred to herein as the "Company", "We", or "Us". The Company is a wholly-owned subsidiary of Marina District Development Holding Co., LLC ("Holding Company" or "Parent"). Holding Company is jointly owned by MAC, Corp. ("MAC"), a wholly-owned subsidiary of MGM MIRAGE, and Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation. Our purpose is to develop, own, and operate a hotel casino and spa facility at Renaissance Pointe in Atlantic City, New Jersey. We opened Borgata on July 3, 2003 with approximately 2,000 hotel rooms, a 125,000 square foot casino, and other amenities.

Pursuant to the Joint Venture Agreement (the "Agreement"), BAC, as the managing venturer of the Holding Company, has oversight responsibility for the management of Borgata which includes the design, development, and construction as well as the day to day operations. We do not record a management fee from BAC as our management team directly performs these services or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by the Company and are reflected in our accompanying condensed consolidated financial statements.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of our operations and our cash flows. Pursuant to CCC-200I, periods prior to July 3, 2003 have been omitted as we were not in operation. We suggest reading this report in conjunction with our Quarterly Report for the Fourth Quarter ended December 31, 2003. Our operating results for the three and six months ended June 30, 2004 and our cash flows for the six months ended June 30, 2004 are not necessarily indicative of the results that will be achieved for the full year or future periods.

Income Taxes

We are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of MAC and BAC. As such, no provision for federal income taxes has been recorded in the accompanying condensed consolidated financial statements. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act and, accordingly, we are required to record and pay New Jersey state income taxes upon receiving our casino license.

Pursuant to an amendment to the Casino Control Act, effective July 1, 2003, we are also subject to a 7.5% Adjusted Net Profits Tax which is imposed on a casino's Adjusted Net Income as defined in the Casino Control Commission regulations. This tax is imposed for three years and is based on Adjusted Net Income for the first 12 months of operations ending on June 30, 2004.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Significant estimates incorporated into our condensed consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, estimated valuation allowance for deferred tax assets, estimated liabilities for our self-insured medical plan, slot club programs, and litigation, claims and assessments. Actual results could differ from those estimates and assumptions.

Derivative Financial Instruments and Other Comprehensive Income (Loss)

GAAP requires all derivative instruments to be recognized on the balance sheet at fair value. Derivatives that are not designated as hedges for accounting purposes must be adjusted to fair value through income. If the derivative qualifies and is designated as a hedge, depending on the nature of the hedge, changes in its fair value will either be offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. For further information please see Note 8.

Note 2. Capital Contributions

The components of cash and non-cash equity contributions, including scope changes, as of June 30, 2004 are as follows:

Cash	$	386,074,000
Land		87,301,000
Special Revenue Bonds		2,699,000
Other		1,433,000
Capital contributions	**$**	**477,507,000**

At December 31, 2003, we had recorded contributions receivable from MAC and BAC in the amounts of $4,100,000 and $35,500,000, respectively. These contributions receivable are classified as part of Member equity on the accompanying condensed consolidated balance sheet at December 31, 2003. Each receivable included $4,100,000 related to unfunded contributions pursuant to the total of agreed-upon project costs in the operating agreement. The receivable from BAC also included $31,400,000 related to the excess of total estimated project costs over the total agreed-upon project costs. In June 2004, BAC and MAC signed an agreement that finalized the total amount of our project costs. Pursuant to this agreement, both BAC and MAC agreed to waive the remaining capital contributions, that were finalized at $4,100,000 each, that would have funded us to the total of agreed-upon project costs. In addition, BAC agreed to pay a total of $30.8 million to fulfill their obligation to fund the excess of actual project costs above the total of agreed-upon costs. Accordingly, in June 2004, BAC made a $30,807,000 capital contribution to us that was applied to the contribution receivable that was recorded at December 31, 2003. As such, there are no contributions receivable at June 30, 2004.

Note 3. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	June 30, 2004	December 31, 2003
Casino receivables (net of an allowance for doubtful accounts, 2004, $4,072,000 and 2003, $2,171,000)	$ 14,906,000	$ 12,259,000
Other (net of an allowance for doubtful accounts, 2004, $348,000 and 2003, $390,000)	5,294,000	4,442,000
Due from related parties (Note 6)	461,000	853,000
Receivables and patrons' checks, net	**$ 20,661,000**	**$ 17,554,000**

Note 4. Other Accrued Expenses

Other accrued expenses consist of the following:

	June 30, 2004	December 31, 2003
Payroll and related	$ 17,205,000	$ 15,772,000
Other	27,267,000	21,457,000
Other accrued expenses	**$ 44,472,000**	**$ 37,229,000**

Note 5. Other Current Liabilities

Other current liabilities consist of the following:

	June 30, 2004	December 31, 2003
Due to related parties (Note 6)	$ 1,314,000	$ 4,151,000
Other	7,345,000	7,759,000
Other current liabilities	**$ 8,659,000**	**$ 11,910,000**

Note 6. Related Parties

Pursuant to the Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. Additionally, they are responsible for maintaining a portion of the master plan area, such as landscaping, water bills and repairs to light poles and the roadway. The related amounts due from MAC for these types of expenditures incurred by us were $398,000 and $769,000 at June 30, 2004 and December 31, 2003, respectively. Reimbursable expenditures incurred were $383,000 for the six months ended June 30, 2004.

BAC reimburses us for certain compensation paid to executives as well as payments made by us on behalf of Boyd Gaming Corporation related to investigative services for our casino license. The related amounts incurred by us and due from Boyd Gaming Corporation for these types of expenses were $63,000 and $57,000 at June 30, 2004 and December 31, 2003, respectively. Reimbursable expenditures incurred were $677,000 for the six months ended June 30, 2004.

Pursuant to the Agreement, MAC is responsible for the development of master plan and government improvements at Renaissance Pointe. The related amounts due to MAC for our allocable share of these types of expenditures were $ 0 and $3,760,000 at June 30, 2004 and December 31, 2003, respectively. Master plan and government improvement expenditures reimbursable to MAC were $ 0 for the six months ended June 30, 2004.

On May 20, 2002, we entered into a 75 year ground lease agreement with MAC related to our employee parking garage and on February 21, 2003, we entered into a three year ground lease agreement with MAC related to our surface parking lot. The related amounts due to MAC for these leases were $336,000 and $153,000 at June 30, 2004 and December 31, 2003, respectively. Related rent expenses were $667,000 for the six months ended June 30, 2004. Pursuant to the ground lease agreement related to the employee parking garage, we are responsible for reimbursing MAC for related property taxes paid on our behalf. Amounts reimbursed to MAC for property taxes were $336,000 for the six months ended June 30, 2004.

On August 1, 2003, we entered into a one year airplane lease agreement with BAC that is cancelable by either party. The related amounts due to BAC for these types of expenditures were $0 at June 30, 2004 and December 31, 2003. Related rent expense payments were $265,000 for the six months ended June 30, 2004. As of August 6, 2004 we have purchased the airplane from Boyd Gaming Corporation in the amount of $5,750,000 and canceled the lease.

We reimburse BAC for compensation paid to employees performing services for us on a full-time basis and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf primarily related to third party legal fees, investigative fees, and other. The related amounts due to BAC for these types of expenditures paid by BAC were $978,000 and $238,000 at June 30 2004 and December 31, 2003, respectively. Reimbursable expenditures during the six months ended June 30, 2004 were $2,244,000.

The related party balances above are non-interest bearing.

Note 7. Debt

On December 13, 2000, we entered into a $630,000,000 bank credit agreement (the "Credit Agreement"). Amounts outstanding under each component of the Credit Agreement are as follows (in thousands):

	June 30, 2004	December 31, 2003
Tranche A line of credit	$ 316,325,000	$ 380,625,000
Tranche B notes	178,002,000	187,031,000
Revolving line of credit	14,200,000	38,500,000
Total long-term debt	508,527,000	606,156,000
Less: current maturities	75,333,000	50,625,000
Total	**$ 433,194,000**	**$ 555,531,000**

The Credit Agreement consists of a $392,500,000 term loan ("Term Loan A"), an $187,500,000 term loan ("Term Loan B") and a $50 million revolver. Term Loan A is required to be repaid in quarterly increments starting at approximately $11,875,000 on December 31, 2003 and increasing to approximately $15,625,000 per quarter, through September 30, 2007. Term Loan B is required to be repaid in increments of approximately $469,000 per quarter from December 31, 2003 through September 30, 2007. Amounts repaid under the term loans cannot be reborrowed. The remaining balances of the term loans and the revolver mature in December 2007. At June 30, 2004, $14,200,000 was outstanding on the revolver and $2,300,000 million was allocated to support a letter of credit, leaving availability on the revolver of $33,500,000. The interest rate on the Credit Agreement is based upon either the agent bank's quoted base rate or the LIBOR rate, plus an applicable margin that is determined by the level of a predefined financial leverage ratio. In addition, we incur a commitment fee of 0.5% per annum on the unused portion of the revolver. The blended interest rates for outstanding borrowings under the Credit Agreement at June 30, 2004 and December 31, 2003 were 4.5% and 4.6%, respectively.

In July 2004, we amended our Credit Agreement to reduce and fix the margins used to determine the applicable interest rates for Term B outstanding borrowings.

In addition to the scheduled repayments of Term Loans A and B described above, we are also required to make quarterly mandatory payments to Term Loan A based upon an excess cash flow calculation as defined in the Credit Agreement. As a result, our excess cash flow payment of $22,208,000, that is based upon our results for the three months ended June 30, 2004, is reflected in current maturities of long-term debt.

Our obligations under the Credit Agreement are secured by substantially all of our real and personal property. The Credit Agreement contains certain financial and other covenants. We believe we are in compliance with the covenants at June 30, 2004.

Our ability to service our debt will be dependent on future performance, which will be affected by, among other things, prevailing economic conditions and financial, business and other factors, certain of which are beyond our control.

Note 8. Interest Rate Protection Agreements

On March 8, 2001, we entered into several interest rate protection agreements to comply with the requirements of our Credit Agreement at an initial cost of $771,000. The interest rate protection agreements consist of interest rate swaps, caps and collars with a combined total initial aggregate notional amount of $310,000,000 that commence and mature at various dates ranging from December 2001 to December 2005. The interest rate protection agreements are accounted for as derivative financial instruments. The fair values of the derivative financial instruments at June 30, 2004 and December 31, 2003 have been recorded on the accompanying condensed consolidated balance sheets. Net interest paid or received pursuant to the derivative financial instruments is included in interest expense in the period.

The following table reports the effects of the mark to market valuations of our derivative financial instruments for the periods indicated. The increase or decrease in fair value of certain hedges deemed to be ineffective is reported in condensed consolidated statements of operations. The increase or decrease in fair value of certain hedges deemed to be effective is reported in other comprehensive income (loss) on the condensed consolidated balance sheet.

	Three Months Ended June 30, 2004	Six Months Ended June 30, 2004
Net gain (loss) on derivative financial instruments due to ineffectiveness in certain hedges	**$ 756,000**	**$ 374,000**
Derivative financial instruments market adjustment	$ 5,180,000	$ 6,117,000
Tax effect of derivative financial instruments market adjustment	(466,000)	(550,000)
Net derivative financial instruments market adjustment	**$ 4,714,000**	**$ 5,567,000**

We estimate a net amount of $613,000 of existing net losses reported in accumulated other comprehensive loss at June 30, 2004 to be recorded as net losses on derivative financial instruments in the condensed consolidated statement of operations within the next twelve month period through quarterly mark to market valuations of our derivative financial instruments.

Note 9. Commitments and Contingencies

In June 2004, Borgata and the eleven other casinos in the Atlantic City gaming market (collectively, the "Casinos") entered into a Grant and Donations Agreement ("Agreement") with the New Jersey Sports & Exposition Authority (the "NJSEA") and the Casino Reinvestment Development Authority (the "CRDA") in the interest of deferring or preventing the proliferation of competitive gaming at New Jersey racing tracks.

Under the terms of the Agreement, the Casinos shall pay to the NJSEA $34,000,000 to be used for certain authorized purposes (the "Authorized Uses") as defined by the Agreement. The $34,000,000 to be paid by the Casinos shall be payable over a four year period as follows: $7,000,000 on or before October 15, 2004; $8,000,000 on or before October 15, 2005; $9,000,000 on or before October15, 2006; and $10,000,000 on or before October 15, 2007. In the event any of the $34,000,000 is not used by NJSEA for the Authorized Uses by January 1, 2009, the unused funds shall be returned by NJSEA to the Casinos pro rata based upon the share each casino contributed. For each year, each casino's share of the $34,000,000 will equate to a percentage representing its gross gaming revenue for the twelve months ending June 30th prior to the October 15 payment date compared to the gross gaming revenues for that period for all Casinos. The Casinos, individually and collectively, shall be responsible for the payment of all amounts due. In the event that any casino shall fail to make its payment as required, the remaining Casinos shall pay a pro rata share of the defaulted payment based upon their share of the gross gaming revenue for the period as compared to the gross gaming revenues for the period for all Casinos calculated without the gross gaming revenue of the defaulting casino. As a result, we will expense our pro rata share of the $34,000,000, estimated to be approximately $4,100,000 in total, over the applicable term of the Agreement.

Also under the terms of the Agreement, the Casinos authorize and request that the CRDA approve donations in the aggregate amount of $62,000,000 from the Casino's North Jersey Obligations (pursuant to the New Jersey Casino Control Act) for certain uses as defined by the Agreement. If so approved, the CRDA shall credit 100% of the donations received from each casino against that casino's obligation to purchase bonds. The donation shall provide that each casino's share of the $62,000,000 will equate to a percentage representing its gross gaming revenue for the twelve months ended June 30, 2004 compared to the gross gaming revenues for that period for all Casinos. Each casino's respective annual donation shall be made first from uncommitted current and future funds in the North Jersey Project Fund established in accordance with the CRDA Urban Revitalization Act of that Casino and shall be credited as fulfilling said obligation on behalf of the particular casino making the payment. To the extent such North Jersey Project funds of that casino are not adequate to pay a Casino's share of the required donations, then that casino's other uncommitted current and future North Jersey Obligations shall be utilized. As a result, we will expense our pro rata share of the $62,000,000, estimated to be approximately $7,400,000 in total, beginning in the third quarter of 2006 (the first quarter we are subject to fund North Jersey Obligations). Based on current gross gaming revenue projections, we expect it will take approximately 10 to 12 years to fully fund, and expense, this obligation.

Note 10. Subsequent Event

On July 28, 2004, Boyd Gaming Corporation announced a major expansion of Borgata with an estimated cost of approximately $200,000,000. The project, which requires various government and regulatory approvals, consists of substantial additions of both gaming and non-gaming amenities. Construction is expected to start in December 2004 with completion to occur in the second quarter 2006. Boyd Gaming Corporation and MGM MIRAGE have approved the project, which will be built on land leased from MGM MIRAGE. We expect to renegotiate our Credit Agreement to provide funding for the project. BAC and MAC do not expect to make further capital contributions to us for the expansion project.

STATEMENT OF CONFORMITY AND COMPLIANCE

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report, has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Signature - Auggie Cipollini

Vice President - Finance
Title

7163-11
License Number

On Behalf of:
Marina District Development Company LLC
Casino Licensee